



Division of Insurance

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Workers' Compensation Loss Cost Rates See Smaller Increase for 2014

Denver – While Colorado employers will see a small increase in the loss cost component of workers' compensation insurance premiums they pay in 2014, the increase will only be half of what it was last year, reversing a three-year trend of higher increases.

The Colorado Division of Insurance (DOI) has announced that the "loss costs" component of workers' compensation premiums will go up 2.6 percent for 2014. The increase in 2013 was 5.2 percent.

"Increasing claim costs and increasing frequency of claims continue as trends," said Commissioner of Insurance Marguerite Salazar. "However, Colorado employers and employees continue to improve safety and reduce losses."

Loss costs are the average cost of lost wages and medical payments of workers injured during the course of their employment. Factors that may increase workers' compensation costs include: frequency (number of claims per number of workers), duration of claim, number of treatments for each claim, severity of injury, increasing medical costs and overall costs to cover workers' compensation claims.

The National Council on Compensation Insurance (NCCI), a rating and advisory organization, collects annual data on workers compensation claims for the insurance industry, and publishes loss costs that form the basis for all workers compensation premium determinations. All insurers in Colorado use the NCCI loss costs as a base. Each insurer's own expenses are added to the NCCI's loss costs to arrive at the rates charged to employers. This is why each employer's specific rate change may differ from the 2.6 increase.

The projected loss cost figures for 2014 were presented by NCCI at a September 12 hearing at the DOI offices. Both the NCCI actuaries and the independent actuarial consultants contracted to assist the Division reviewed the analysis for all of the industrial classes in Colorado. The NCCI filing, the actuarial analysis and public comments are used by the Commissioner of Insurance to establish the loss costs used for the premium rates for the following year.

To view the NCCI loss cost filing, individual classification codes, reports, and the final order of approval from the Commissioner of Insurance, visit the [Workers Compensation page](#) of the Division of Insurance website, dora.colorado.gov/insurance.

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The [Colorado Division of Insurance](#) regulates the insurance industry and assists consumers and other stakeholders with insurance issues.

[DORA](#) is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado.

Consumer protection is our mission.